

**UNREGULATED UTILITY
POWER COST EQUALIZATION MEMORANDUM**

Date: April 6, 2023

Date Due: December 31, 2022

File No.: PC109-1222

Date Filed: December 30, 2022

Name of Utility: Twin Hills Village Council

Cert. No. 729

☒ Annual Update

☐ COPA Review

☐ Fuel Price Change

☐ Non-Fuel Cost Change

☐ Base Rate Change

☐ kWh Sales Change

☐ Other _____

STAFF RECOMMENDATIONS: Approval of updated **Permanent** PCE amounts (see attached memo)

PCE AMOUNT SUMMARY	Previously Approved	Staff Recommended
PCE AMOUNTS (In Cents/kWh)	<u>Date Approved:</u> December 16, 2022	
All	30.70¢	26.82¢

Signed: Brenda Cox

Brenda Cox

Utility Financial Analyst

Commission decision re. this recommendation:

	Date (if different from 4/6/23)	I Concur	I Do Not Concur	I Will Write A Dissenting Statement *
Kurber	_____	<u>Kurber</u>	_____	_____
Doyle	_____	<u>SD</u>	_____	_____
Pickett	_____	<u>MP</u>	_____	_____
Sullivan	_____	<u>MP</u> for DS	_____	_____
Wilson	_____	<u>JWW</u>	_____	_____

Special Instructions to Staff:

* If this column is initialed, Staff will contact the Commissioner for the statement, otherwise, dissent will simply be noted at the close of the By Direction Letter or Order.

Memorandum

TO: Keith Kurber II, Chairman
Robert A. Doyle
Robert M. Pickett
Daniel A. Sullivan
Janis W. Wilson

DATE: April 6, 2023

FROM: Brenda Cox
Utility Financial Analyst

RE: Twin Hills Village Council
PC109-1222

Recommendations

1. Updated PCE amounts should be effective for bills rendered on or after April 7, 2023.
2. Approval should be: ☒ Permanent ☐ Interim
3. Standard reminder language for notice specifications, efficiency, rate changes, and fuel cost changes should be included in the By Direction Letter to the utility.

Background

On December 30, 2022, Twin Hills Village Council (TWINHILLS) filed its 2022 Power Cost Equalization (PCE) annual report (annual report). TWINHILLS began purchasing power from Alaska Village Electric Cooperative (AVEC) in approximately March of 2021. TWINHILLS filed several supplements.¹ Staff's contact for this filing was Ms. Laura Pleasant, Bookkeeper.

Summary

TWINHILLS' total costs per kiloWatt-hour (kWh) have decreased by 21.89 cents (¢) from 69.69¢/kWh (FY16) to 47.80¢/kWh (FY22). TWINHILLS' reported line loss decreased from 12.00% (FY16) to 7.24% (FY22). Staff's detailed analysis of this filing follows:

¹ See Supplements filed March 13, 2023 (revised Profit & Loss by Class), March 14, 2023, and March 21, 2023.

Analysis

Non-Fuel Costs

Total non-fuel costs reported decreased by \$17,979 from \$32,570 (FY16) to \$14,592 (FY22). Staff used the revised Profit & Loss for the review.² Staff reviewed TWINHILLS' non-fuel costs by category noting the following (see Schedule BKC-1):

Personnel Expense decreased \$4,849 from \$18,703 (FY16) to \$13,584 (FY22). Staff noted reported Wages were \$259 and asked TWINHILLS to explain why wages were so low. TWINHILLS explained it no longer had a Village Generator Operator due to AVEC running its electricity.³ Staff contacted TWINHILLS⁴ and determined there were wages that should have been reported for the electric utility and TWINHILLS made an adjustment to Wages and filed a revised Profit & Loss by Class.⁵ Staff recommends no adjustments.

Operating Expense decreased \$13,800 from \$13,800 (FY16) to \$0 (FY22). Staff recommends no adjustments.

General & Administrative Expense increased \$497 from \$242 (FY16) to \$738 (FY22). Staff recommends no adjustments.

Depreciation Expense remained at \$0. Staff recommends no adjustments.

Other- Revenue Staff asked TWINHILLS if it had any pole rental revenue during this time and it advised it did not receive any pole rental during October 2021 through September 2022.⁶

Interest Expense was reported at \$0 as in the previous test period.

Fuel Costs

On November 29, 2022, TWINHILLS field its fuel report, for power purchased during October 2021 through September 2022, it purchased power in the amount of 347,639 kWhs. Staff used the cost of purchased power for September 2022 to calculate the purchased power cost of \$0.4014/kWh. Staff notes this was the first fuel report where

² See Supplement filed March 13, 2023.

³ See Supplement filed March 14, 2023.

⁴ Staff contacted TWINHILLS by phone on March 13, 2023.

⁵ See Supplement filed March 13, 2023.

⁶ See Supplement filed March 21, 2023.

TWINHILLS had not generated some of its own power. This is included in the data in the calculation on **Appendix 2**.

Fuel Efficiency and Gallons Consumed

TWINHILLS no longer generates power. There are no gallons consumed or fuel efficiency to report.

Twin Hills Village Council

POWER COST EQUALIZATION CALCULATION

FOR PERIOD ENDING SEPTEMBER 30, 2022

Annual Update

	PC109-1216L		PC109-1222
	Prior Commission Approved	Utility Request	Staff Recommended
A Total KWH Purchased	313,674	347,639	347,639
B Total KWH Sold (Appendix 2)	246,983	322,467	322,467
C Total Non-Fuel Costs (Appendix 2)	32,570	14,592	14,592
D. Non-Fuel Cost/KWH (C / B)	\$0.1319	\$0.0453	\$0.0453
E Total Fuel Costs (Appendix 2)	139,542	139,542	139,542
F. Fuel Costs/KWH (E / B)	\$0.5650	\$0.4327	\$0.4327
G Eligible Costs/KWH (D + F)	\$0.6969	\$0.4780	\$0.4780
H. Eligible Cost/KWH (G) Less 19.58 cents/kWh	\$0.5011	\$0.2822	\$0.2822
I Lesser of (H) or 80.42 cents/kWh	\$0.5011	\$0.2822	\$0.2822
J Average Class Rates (Appendix 3) All	\$0.3069	\$0.3069	\$0.3069
Class Power Cost Equalization Per kWh Payable			
K Lesser of: (I) x 95%, or (J) All	\$0.3070	\$0.2682	\$0.2682
L. Funding Level in Effect	100%	100%	100%
All	\$0.3070	\$0.2682	\$0.2682

PC109-1222
Appendix 1

Twin Hills Village Council

SCHEDULE OF ELIGIBLE POWER COSTS, SALES AND EFFICIENCY FOR PERIOD ENDING SEPTEMBER 30, 2022

Annual Update

			PC109-1216L	PC109-1222
			Prior Commission Approved	Staff Recommended
Non-Fuel Costs:				
A.	Personnel Costs		18,703	13,854
B.	Operating Expenses		13,800	-
C.	General and Administrative		242	738
D.	Depreciation		-	-
E.	Interest Expense		-	-
F.	Other (Describe) Pole Rental		(174)	-
G.	Total Non-Fuel Costs		32,570	14,592
Fuel and Purchased Power Costs:				
H.	Gallons Consumed for Electric Generation		0.00	0.00
I.	Most Recent Price of Fuel	\$2.7607	0.00	0.00
	Date Purchased	7/22/2020		
J.	kWh purchased from AVEC Oct. 2021 -Sept. 2022		347,639	347,639
K.	AVEC cost of power per/kWh for September 2022 22,662/\$9,096.96 = \$0.4014		0.4014	0.4014
L.	Total Fuel and Purchased Power Costs		139,542	139,542
M.	kWh Generated		313,674	0
N.	KWH Sales		246,983	322,467
O.	KWH Station Service		29,065	0
P.	Efficiency (K/H)	\geq <u>Standard</u> 10.50	N/A	N/A
Q.	Line Loss	\leq 12%	12.00%	7.24%
(kWh generated or purchased -(kWh Sold+ Station Service))/kWh generated or purchased)				

CALCULATION OF AVERAGE CLASS RATE PER kWh

Rate Schedule: **All**

Customer Charge (CC): \$2.00

(1) Block (by kWh)	(2) Rate (\$/kWh)	(3) Surcharge (\$/kWh)	(4) Total (\$/kWh) (2+3)	(5) Total \$ (1x4)+CC	(6) Avg. (\$/kWh) (5)/(1)	(7) Avg. Rate (\$/kWh) - \$ 0.1958
0 to 750	0.5000		0.5000	377.0000		
751 to						
to						
to						
Max 750			Total	377.0000	0.5027	0.3069

Rate Schedule:

(1) Block (by kWh)	(2) Rate (\$/kWh)	(3) Surcharge (\$/kWh)	(4) Total (\$/kWh) (2+3)	(5) Total \$ (1x4)	(6) Avg. (\$/kWh) (5)/(1)	(7) Avg. Rate (\$/kWh) - \$ 0.1958
0 to						
to						
to						
to						
Max 750			Total			

Rate Schedule:

(1) Block (by kWh)	(2) Rate (\$/kWh)	(3) Surcharge (\$/kWh)	(4) Total (\$/kWh) (2+3)	(5) Total \$ (1x4)	(6) Avg. (\$/kWh) (5)/(1)	(7) Avg. Rate (\$/kWh) - \$ 0.1958
0 to						
to						
to						
to						
Max 750			Total			

Rate Schedule:

(1) Block (by kWh)	(2) Rate (\$/kWh)	(3) Surcharge (\$/kWh)	(4) Total (\$/kWh) (2+3)	(5) Total \$ (1x4)	(6) Avg. (\$/kWh) (5)/(1)	(7) Avg. Rate (\$/kWh) - \$ 0.1958
0 to						
to						
to						
to						
Max 750			Total			

Twin Hills Village Council

TREND ANALYSIS

Schedule BKC-1

Personnel Expenses

Total Wages

Employer Portion of Payroll Taxes

Other - WC, PERS

Other

Total Employer Paid Taxes

Total Personnel Expenses

Operating Expense

Lube Oil

Oil Filters/Fuel Filters/Supplies

Small Tools (Under \$200)

Emergency Repairs

Routine Maintenance

Other:

Other:

Total Operating Expenses

General and Administrative

Outside Professional Services:

Insurance

Office Supplies

Office Rent & Fees

Travel/Education

Telephone

Other: Postage & Business Licence

Other: RCA Fees

Other:

Other:

Total General and Administrative

Other: Pole rental

Interest Expense

Interest Income

Depreciation

TOTAL

kWh Generated

kWh Purchased

kWh Sold

Gallons Consumed

kWh Station Service

Efficiency

Line Loss

2016	2022				
Amended Expenses	Utility Filing	Variance		Staff Adjustments	Amended Expenses
		\$	%		
16,215	12,751	(3,464)	(21.36%)	0	12,751
1,437	1,103	(334)	(23.28%)		1,103
1,051	0	(1,051)	(100.00%)		0
0	0	0	0.00%		0
2,488	1,103	(1,385)	(55.69%)	0	1,103
18,703	13,854	(4,849)	(25.93%)	0	13,854
3,982	0	(3,982)	(100.00%)		0
858	0	(858)	(100.00%)		0
0	0	0	0.00%		0
0	0	0	0.00%		0
7,415	0	(7,415)	(100.00%)		0
0	0	0	0.00%		0
1,545	0	(1,545)	(100.00%)		0
13,800	0	(13,800)	(100.00%)	0	0
0	0	0	0.00%		0
0	0	0	0.00%		0
0	699	699	100.00%		699
0	0	0	0.00%		0
203	0	(203)	(100.00%)		0
0	0	0	0.00%		0
0	0	0	0.00%		0
39	39	0	0.00%		39
0	0	0	0.00%		0
0	0	0	0.00%		0
242	738	497	205.59%	0	738
(174)	0	174	(100.00%)		0
0	0	0	0.00%	0	0
0	0	0	0.00%	0	0
0	0	0	0.00%	0	0
32,570	14,592	(17,979)	(55.20%)	0	14,592
313,674	0	(313,674)	(100.00%)		0
0	347,639	347,639	100.00%		347,639
246,983	322,467	75,484	30.56%		322,467
29,860		(29,860)	(100.00%)		0
29,065		(29,065)	(100.00%)		0
10.50	N/A	0.00	0.00%		0.00
12.00%	7.24%	(4.75%)	(39.64%)		7.24%

Signature: Keith Kurber II
Keith Kurber II (Apr 6, 2023 10:35 AKDT)

Email: keith.kurber@alaska.gov

Signature: Bob Doyle
Bob Doyle (Apr 6, 2023 10:41 AKDT)

Email: bob.doyle@alaska.gov

Signature: Bob Pickett
Bob Pickett (Apr 6, 2023 10:48 AKDT)

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Signature: Janis W. Wilson
Janis W. Wilson (Apr 6, 2023 11:15 AKDT)

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Schedule BKC-1
PC109-1222